

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-05 H-01  
L-03 NSC-05 PA-01 SS-15 /086 W  
-----109387 212258Z /64

R 211914Z FEB 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 5771  
INFO AMCONSUL ALEXANDRIA

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E.O. 11652: N/A  
TAGS: ECON, PINT, EG  
SUBJ: DELAY IN SEQUESTRATION WRAP-UP

REF: 77 CAIRO A-146

1. AS PREVIOUSLY REPORTED (REF), GOE SEQUESTRATION OFFICE EXPECTED THAT IT WOULD BE ABLE TO CLOSE ITS DOORS PERMANENTLY ON JANUARY 1, 1978. ON FEBRUARY 13, OFFICE, OBVIOUSLY STILL VERY MUCH IN EXISTENCE, ANNOUNCED THAT IT HAD NOT YET COMPLETED WRAP-UP OF MANY PENDING CASES AND THAT IT HAD SET NEW TARGET DATE OF JUNE 30, 1978, FOR CONCLUDING OPERATION. STATEMENT ACCOMPANYING ANNOUNCEMENT SAID THAT ALL SEQUESTERED REAL ESTATE WAS BEING RETURNED IN FULL. INSURANCE COMPANIES, WHICH RECEIVED MANAGEMENT RESPONSIBILITIES FOR MANY SEQUESTERED PROPERTIES, HAVE RETURNED 450 OUT OF TOTAL OF 1,300 PROPERTIES INVOLVED TO DATE, ACCORDING TO PRESS.

2. PROCESS IS APPARENTLY A SLOW ONE, HOWEVER, BECAUSE INSURANCE COMPANIES ARE CHARGING HIGH "MAINTENANCE FEES" FOR YEARS OF THEIR CONTROL, WHICH MANY OWNERS CANNOT  
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PAY. PRESS REPORTED THERE IS NOW COURT CASE PENDING WHICH WILL DECIDE LEGALITY OF THESE FEES. REAL ESTATE RETURNED INCLUDES THAT BELONGING TO OTHER ARABS WHO WERE SUBJECTED TO SEQUESTRATION.

3. COMMENT: MOST FOREIGN (NON-ARAB) REAL ESTATE AND BUSINESS WAS NATIONALIZED, NOT SEQUESTERED (PLACED UNDER

GOVERNMENT MANAGEMENT) DURING NASSER REGIME. LIQUIDATION OF SEQUESTRATION DEPARTMENT, THEREFORE, WILL NOT MEAN AN END TO VARIOUS OTHER FOREIGN CLAIMS FOR COMPENSATION. SEQUESTRATION AFFECTED MAINLY REAL ESTATE AND SMALL BUSINESSES OWNED BY EGYPTIANS. MOST LARGE INDUSTRIES AND PUBLIC UTILITIES WERE NATIONALIZED REGARDLESS OF THEIR OWNERSHIP AND ARE NOT ELIGIBLE FOR RETURN.

4. PRESIDENT SADAT FIRST ANNOUNCED END TO SEQUESTRATION IN EARLY 1971 BUT INITIALLY WAS STRONGLY OPPOSED BY LEFTISTS. ACTUAL WORK ON RELINQUISHING OF PROPERTIES DID NOT BEGIN UNTIL AFTER OCTOBER 1973 MIDDLE EAST WAR. PRESIDENTIAL DECREE OF JULY 25, 1974, SET UP MECHANISM TO RETURN SEIZED PROPERTY. PROCESS OF "DESEQUESTRATION" IS ONE OF MAJOR ELEMENTS OF SADAT'S NEW FREEDOMS POLICY, HENCE IMPORTANCE OF PUBLIC STATUS REPORTS ON PROGRESS BEING MADE. IT IS OUR GUESS, HOWEVER, THAT WORK OF OFFICE WILL CARRY ON BEYOND NEW DATE, AS COMPLICATED LEGAL CASES ARISE AND MUST BE RESOLVED. EILTS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSURANCE, ECONOMIC PROGRAMS, RECLAIMED LAND, BUSINESS FIRMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Retention:** 0  
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**TAGS:** ECON, PINT, EG  
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